DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-01

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: 0 1 — 0 0 5

2. STATE: Pennsylvania

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) Title XIX

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
January 1, 2001

5. TYPE OF PLAN MATERIAL *(Check One)*:

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION:
42 CFR 447 Subpart C

7. FEDERAL BUDGET IMPACT:
a. FFY 2001 $ 0
b. FFY 2002 $ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
4.19B, Pages 2b and 2c

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
4.19B, Pages 2b and 2c

10. SUBJECT OF AMENDMENT:
Amendment to Payment Method for FQHCs and RHCs

11. GOVERNOR'S REVIEW *(Check One)*:

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
☒ OTHER, AS SPECIFIED: Review and approval authority has been delegated to the Department of Public Welfare

12. SIGNATURE OF STATE AGENCY OFFICIAL:
Feather O Houstoun

13. TYPED NAME:
FEATHER O. HOUSTOUN

14. TITLE:
Secretary of Public Welfare

15. DATE SUBMITTED: 3/29/01

16. RETURN TO:
Commonwealth of Pennsylvania
Department of Public Welfare
Office of Medical Assistance Programs
Bureau of Policy, Budget and Planning
P. O. Box 8046
Harrisburg, PA 17105

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: MAR 29 2001

18. DATE APPROVED: NOV 23 2001

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
January 1, 2001

20. SIGNATURE OF REGIONAL OFFICIAL:
Claudette V. Campbell

21. TYPED NAME:
CLAUDETTE V CAMPBELL

22. TITLE:
ASSOCIATE REGIONAL ADMINISTRATOR
DIVISION OF MEDICAID & STATE OPERATIONS

23. REMARKS:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Region III

Suite 216, The Public Ledger Building
150 S. Independence Mall West
Philadelphia, PA 19106-3499

NOV 23 2001

Ms Feather Houstoun
Secretary
Commonwealth of Pennsylvania
Department of Public Welfare
P.O. Box 2675
Harrisburg, Pennsylvania 17105-2675

Dear Ms. Houstoun:

Enclosed is a copy of the approved Medicaid State Plan Amendment, Transmittal Number 01-005, Federally Qualified Health Centers.

If you have any questions, you may contact Mr. Michael Cruse of my staff at (215) 861-4216.

Sincerely,

Claudette V. Campbell

Claudette V. Campbell
Associate Regional Administrator
Division of Medicaid & State Operations

Enclosure

METHODS AND STANDARDS FOR ESTABLISHING PAYMENTS RATES-OTHER TYPES OF CARE

	SERVICE	LIMITATIONS
3.	Outpatient Clinic Services	State Agency Fee Schedule Based on Established Criteria.*
4.	Dental Services	State Agency Fee Schedule Based on Established Criteria.*
5.	Home Health Services	Established fee per visit and mileage allowance.
6.	Ambulance Transportation	Payment is based on a flat fee per trip plus a fee for each mile over 20 miles per round trip. Ambulance providers that obtain Voluntary Ambulance Service Certification (VASC) from the Department of Health are reimbursed at a higher rate than Non-VASC Certified ambulances.
7.	Rural Health Clinic Services	Payment is made on the basis of an all-inclusive visit fee established by the Department. See below for descriptions of the prospective payment system (PPS) and supplemental payments under managed care.
8.	Federally Qualified Health Center Services	For core services, payment is made on the basis of an all-inclusive visit fee established by the Department. See below for descriptions of the PPS and supplemental payments for managed care enrollees. Prospective Payment System a. For the period January 1, 2001, through September 30, 2001, the Department will pay FQHCs/RHCs, on a per visit basis, 100% of the average of their audited reasonable costs related to the provision of Medicaid covered services during Fiscal Years 1999 and 2000, adjusted to account for any increase or decrease in the scope of services furnished by the FQHC/RHC during Fiscal Year 2001. b. Beginning October 1, 2001, and for each fiscal year thereafter, the Department will pay FQHCs/RHCs, on a per visit basis, the amount paid for the preceding fiscal year, increased by the percentage increase in the Medicare Economic Index (MEI) applicable to primary care services for the current fiscal year, adjusted to take into account any increase or decrease in the scope of such services furnished by the FQHC/RHC during that fiscal year. c. For FQHCs/RHCs newly qualified after fiscal year 2000, the Department will pay for the initial year, on a per visit basis, 100% of the reasonable costs related to provision of Medicaid-covered services of other centers/clinics located in the same or adjacent areas with similar caseloads. In the absence of such other centers/clinics, the Department will used the FQHC's/RHC's cost report to set the rate. For the next fiscal year, the

METHODS AND STANDARDS FOR ESTABLISHING PAYMENTS RATES-OTHER TYPES OF CARE

SERVICE	LIMITATIONS
	Department will pay, on a per visit basis, the amount paid for the initial year, adjusted to reflect the actual audited reasonable costs of the FQHC/RHC, increased by the percentage increase in the MEI applicable to primary care services for the current fiscal year and adjusted to take into account any increase or decrease in the scope of such services furnished by the FQHC/RHC during that fiscal year. For subsequent fiscal years, the Department will use the payment methodology set forth in (b) above.
	Supplemental Payments The Department will pay FQHCS and RHCs directly, on a quarterly basis, an amount which represents the difference, if any, between the amounts paid by managed care organizations (MCOs) to FQHCs and RHCs for services provided to MCO enrolled medical assistance recipients and the payment to which the FQHC/RHC would be entitled for these services under the PPS payment method. The Department's contracts with MCOs require that MCO payments to FQHCs and RHCs be no less than the level and amount of payments the MCOs would make for such services if they were furnished by a provider other than an FQHC or an RHC. The Department will use the FQHC's and RHC's audited cost report to reconcile the amount of these supplemental payments, and for FQHCs only, to reconcile the amount paid for dental services. Case Management Fees The Department will pay case management fees during the first year of an FQHC's or RHC's participation in a primary care case management (PCCM) system. Thereafter, the Department will use the FQHC's/RHC's audited cost report to adjust the payment, on a per visit basis, to take into account the FQHC's/ RHC's costs for participation in the PCCM system. Any PCCM fees paid after the initial year will offset the FQHC's/RHC's overall costs.
9. Early and Periodic Screening Diagnosis, and Treatment Program (EPSDT)	Payment for non-state plan services for treatment of physical or mental problems identified during EPSDT screenings will require prior authorization and will be reimbursed on an established fee for service basis. The prior approval process does not pertain to drug, medical supplies, durable medical equipment, prosthetics or orthotics which have been extended to medically needy individuals under the age of twenty-one as a result of OBRA '89.